

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF STATE  
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS

**F I N A L M I N U T E S**

REGULATORY MEETING OF:

**STATE REAL ESTATE COMMISSION**

TIME: 10:00 A.M.

Held at

**PENNSYLVANIA DEPARTMENT OF STATE**

2525 North 7th Street

CoPA HUB, Eaton Conference Room

Harrisburg, Pennsylvania 17110

as well as

**VIA MICROSOFT TEAMS**

November 3, 2025

State Real Estate Commission  
November 3, 2025

COMMISSION MEMBERS:

Kyle Sampson, Chair, Public Member - Absent  
Annie Hanna Cestra, Vice Chair, Industry Member  
Guy Saxton, Secretary, Cemetery Member  
Joseph Tarantino, Industry Member  
Jeffrey J. Johnson, Industry Member  
Anne M. Rubin, Industry Member  
Armand N. Ferrara Jr., Industry Member  
Jennifer Thomson, Esquire - Attorney General Designee  
Arion R. Claggett, Acting Commissioner, Bureau of  
Professional and Occupational Affairs

COMMISSION PERSONNEL:

Dean F. Picarella, Esquire, Commission Counsel  
Timothy Fritsch, Esquire, Commission Prosecution  
Liaison  
Jason Giurintano, Esquire  
Raymond J. Michalowski, Esquire, Senior Commission  
Prosecutor  
Caroline A. Bailey, Esquire, Commission Prosecutor  
Ashley P. Murphy, Esquire, Commission Prosecutor  
Angela Solomon, Esquire, Commission Prosecutor  
Deon Bowers, Commission Administrator  
Mark Farrell, Esquire, Regulatory Counsel, Office  
Chief Counsel, Department of State  
Andrew LaFratte, MPA, Deputy Policy Director, Office  
of Policy, Department of State  
Willow Marsh, Legislative Aide, PA Department of  
State  
Jessica Zukoski, Senior Legal Analyst, Department of  
State  
Ethan Siegal, Law Clerk, Department of State

ALSO PRESENT:

Kate Dugan, Esquire, Community Legal Services  
Francesca Tracy, Compliance Analyst, CE Shop  
Marcus Huertes, Pennsylvania Association of Realtors  
Hank Lerner, Pennsylvania Association of Realtors  
Allison Walker, Sargent's Court Reporting Service,  
Inc.

1 \*\*\*

2 State Real Estate Commission

3 November 3, 2025

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5 A Regulatory meeting of the State Real Estate  
6 Commission was held on Monday, November 3, 2025.  
7 Annie Hanna Cestra, Vice Chair, Public Member,  
8 officially called the meeting to order at 10:22 a.m.

9 \*\*\*

10 [Dean F. Picarella, Esquire, Commission Counsel,  
11 informed everyone that the meeting was being  
12 recorded, and voluntary participation constituted  
13 consent to be recorded.]

14 \*\*\*

15 Roll Call

16 [Deon Bowers, Commission Administrator, provided a  
17 roll call of Commission members. A quorum of  
18 Commission members was present.]

19 \*\*\*

20 Pledge of Allegiance

21 [The Pledge of Allegiance was recited.]

22 \*\*\*

23 Agenda Items - 16A-4829 Schedule of Civil Penalties

24 [Dean Picarella, Esquire, Commission Counsel,  
25 reported on the status of Regulation 16A-4829,

1 Schedule of Civil Penalties. He stated the  
2 regulation needed to be modified as it was outdated.  
3 He suggested there may be additional violations on  
4 the regulation that Commission members may want to  
5 add. This would allow for simultaneous citations  
6 issued for one formal hearing rather than having to  
7 attend a formal hearing for each separate one.]

8 \*\*\*

9 [Commissioner Claggett and Mr. Michalowski requested  
10 the record reflect that Kyle Sampson, Chair, entered  
11 the meeting, virtually, at 10:05 a.m. and left the  
12 meeting at 10:05 a.m.]

13 \*\*\*

14 [Mr. Picarella noted the first three civil penalties  
15 under Title 35 of Health and Safety set the maximum  
16 allowed. These are Sections 637.6(a)(1), 637.6(a)(2)  
17 and 637.6(a)(3).

18 He stated the civil penalties were insufficient  
19 for the violations. He suggested the current civil  
20 penalty fines of \$250 for a first offense be raised  
21 to \$500. The second offense would be \$750 and the  
22 third offense would be \$1,000. This would keep as  
23 many offenses as possible under citation authority.

24 Mr. Picarella discussed raising the first offense  
25 from \$125 to \$250 and the second offense from \$250 to

1 \$750 as defined under Section 455.603, and 49 Pa.  
2 Code, Sections 35.242(a), 35.242(b), 35.245(a),  
3 35.245(b) and 35.361(a), which refer to the Office of  
4 Broker or Cemetery Broker. He requested information  
5 regarding modifying or adding violations to the  
6 current regulations in order to appropriately update  
7 the violations.

8 Ms. Rubin agreed with raising the costs and  
9 suggested staying consistent with the regulations.  
10 She mentioned doubling the first offense to \$500.

11 It was ultimately decided that first offenses  
12 would be a fine of \$500, and the second offense would  
13 be a fine of \$1,000.

14 Mr. Picarella advised that he would begin working  
15 on the modifications for the civil penalty violations  
16 based on the Commission's recommendations.

17 He next addressed PA Title 63 P.S., Section  
18 3108(b)(2), State Licensed Civil Penalties, by  
19 suggesting an amendment to reflect the current site.  
20 He questioned whether the Commission had any  
21 citations on the list that it did not want citation  
22 authority on anymore, meaning the first offense would  
23 go to a formal hearing. Mr. Ferrara opined that it  
24 looked good the way it was.

25 Mr. Picarella then asked the Commission if there

1 was anything to be added to the list. Ms. Hanna  
2 Cestra inquired as to two of the civil penalties that  
3 were not mentioned at the beginning of Mr.  
4 Picarella's report. Mr. Picarella replied the two  
5 civil penalties under Title 63 P.S. and of which she  
6 was referring to could be revised.

7 Ray Michalowski, Esquire, Senior Commission  
8 Prosecutor, and Timothy Fritsch, Esquire, Commission  
9 Prosecution Liaison, entered the discussion by  
10 advising that a minor penalty, within the scope of  
11 the required ten-day notice for a change in  
12 employers, could be subject to an increase of \$250  
13 for the first offense and \$500 for a second offense.

14 The Commission members stated, within the  
15 citation schedule, there were only a limited number  
16 of violations for a broker who fails to supervise  
17 under Section 455.604(a)(16), Broker Licensee Failing  
18 to Exercise Adequate Supervision Over Licensed  
19 Salespersons or Associate Brokers. It was requested  
20 the violations under this citation schedule no longer  
21 be so limited. There were several examples of  
22 potential and additional violations that could be  
23 added provided to Mr. Picarella by the members  
24 including those under 601(a), Duties of Licensees,  
25 Duties of Brokers, Cemetery Brokers and Rental

1 Listing Referral Agents. Mr. Michalowski stated, on  
2 the current schedule, this was Section  
3 455.604(a)(16). Mr. Fritsch suggested having two  
4 citations issued at the same time. If there had to  
5 be a hearing, the cases could be combined. Mr.  
6 Michalowski added, by removing any limitations for  
7 failure to supervise, a citation could be issued for  
8 all advertising violations against the broker at one  
9 time.

10 Mr. Fritsch commented that there was another  
11 addition. He asked what the citation was for the  
12 reciprocal report and was told it was Section 35.290,  
13 Reporting of Crimes and Disciplinary Actions. Mr.  
14 Michalowski noted there was a 30-day time period in  
15 which reciprocal or criminal actions needed to be  
16 reported to the Commission. The staff usually waited  
17 up to 60 days to make certain a report was not filed  
18 before filing a formal action. He stated the  
19 addition that Mr. Fritsch had requested could either  
20 come out of their act at Section 35.290 of the  
21 regulations, but there was also one in Chapter 31,  
22 Professional and Vocational Standards, which already  
23 applied to all of the boards and commissions. It was  
24 agreed upon that a licensee must report a violation  
25 to the Commission as quickly as possible.

1       Discussion ensued amongst the members regarding  
2 the Schedule of Civil Penalties and the underlying  
3 topics that defined them, which included, but were  
4 not limited to, the following: Status of  
5 regulations; regulations that needed updated or  
6 violations added; levels of violations and the  
7 associated costs; active licensees and their  
8 potential lack of awareness of the regulations;  
9 citations requiring CE classes; misleading  
10 advertising; Section 455.604(a)(4), Real Estate  
11 Licensing and Registration Act; cemetery licenses and  
12 limitations; social media and the internet; and  
13 wholesalers that needed a license to practice.

14       Mr. Fritsch stated additional information  
15 regarding the civil penalty schedule would be a  
16 wonderful addition to the newsletter. He added,  
17 having information from the Commission pointing out  
18 the civil penalties and examples of the same would be  
19 helpful.

20       Mr. Michalowski noted Section 301 of the Act,  
21 Real Estate Licensing and Registration Act -  
22 Application of the Act and Penalties, involving  
23 cemeteries. He suggested taking the limitation out  
24 of that civil penalty for unlicensed activities.

25       Mr. Michalowski suggested stopping the unlicensed



1 real estate investors that had misleading websites  
2 created. Mr. Picarella asked Mr. Michalowski if he  
3 was suggesting a citation for people who were not  
4 licensed but just holding out. Mr. Fritsch opined  
5 that they were just holding out but not necessarily  
6 engaging in the practice of being a broker. He  
7 explained that many of the website advertisements  
8 were actually just created by those with no ill  
9 intent; they were just not aware of the regulations  
10 prohibiting them. He did not want to take formal  
11 action on basically what was just a mistake on a  
12 website.

13 Mr. Fritsch also introduced the issue of  
14 wholesaling and its potential problems. He offered  
15 the information that wholesaling now required a  
16 license, which it had not before. He noted citing  
17 anyone holding themselves out to be a wholesaler if  
18 they were not currently licensed to be one. The  
19 violation penalties would be more expensive, and  
20 formal action would be taken if a second citation  
21 were given.

22 Ms. Hanna Cestra agreed thus far with the  
23 resolving of issues in the civil penalties schedule.

24 Mr. Picarella noted the ideas set forth from the  
25 prosecution. He also stated more CE violations would

1 be on the agendas now. He asked, theoretically, if  
2 they were to draft this for CE credits not obtained,  
3 they could start with \$200 for each credit up to  
4 \$1,000. Anyone not completing over five credit hours  
5 would result in a formal action being taken against  
6 them. Mr. Michalowski replied it would depend on how  
7 the citation was written. Ms. Hanna Cestra discussed  
8 eliminating this issue from going to formal hearings.

9 Mr. Picarella stated up to seven hours would cost  
10 \$1,000 and anything over that would go to a formal  
11 hearing. He admitted this would get rid of the  
12 smaller cases without having to go to the Commission.

13 Ms. Rubin registered her concern about the limit  
14 of only 14 hours needed for the State REC as opposed  
15 to the requirement of other boards. Mr. Picarella  
16 responded it was a minimal number of CE hours  
17 compared to other boards, so no one would have an  
18 excuse for not completing the hours.

19 Mr. Picarella continued by stating that the 14 CE  
20 hours required were the Commission's decision to  
21 make, and the Commission suggested it because other  
22 commissions did not have the set hour per penalties  
23 as the State REC did. He stated the penalty fine of  
24 \$1,000 for seven hours of missed CE credits was  
25 enough of a deterrent. If the seven hour CE

1 requirement was cited at \$1,000, it might also save  
2 the Commission some money. Mr. Fritsch agreed,  
3 stating that it takes a lot more time and money to do  
4 a Consent Agreement and Order as opposed to someone  
5 signing a citation and sending in a check.

6 Several potential examples and forms of the CE  
7 regulation not being met were exchanged between Mr.  
8 Picarella and Commission members. Questions were  
9 answered regarding penalty costs, minimum hours  
10 needed to meet the criteria for the regulation, and  
11 the break-down of cost per hour for each CE credit  
12 not obtained by an approved provider. Ms. Hanna  
13 Cestra preferred a penalty of \$1,000 for not  
14 completing the seven hours of the CE requirement.

15 Mr. Picarella, after asking if anyone had more  
16 questions about the citation authority, noted he  
17 would begin working on a draft of same. Mr.  
18 Michalowski informed the members a formal annex would  
19 be prepared for Commission's approval.]

20 \*\*\*

21 Agenda Items - Wholesaling/Act 52 of 2024  
22 [Marc Farrell, Esquire, Regulatory Counsel, reported  
23 on Act 52 of 2004, Individuals Who Engage or Seek to  
24 Engage...in Wholesale Transactions...Whether for  
25 themselves or for Another Person...Must be Licensed

1 by the Commission. He stated the Act was passed by  
2 the General Assembly and in effect as of January  
3 2025.

4       Given the new statute, Mr. Farrell advised that  
5 this Act must be revisited by the Commission for any  
6 new regulations the Commission decides are necessary,  
7 any potential modifications, additional language or  
8 interpretation needed.

9       Mr. Farrell explained in a typical wholesale  
10 transaction, the wholesaler enters into a purchase  
11 agreement with the owner of a property. The  
12 wholesaler then tries to sell the purchase agreement  
13 (contract) to a buyer while the wholesaler gets the  
14 profit for selling it. Mr. Farrell continued by  
15 stating that this has all been accomplished, despite  
16 the wholesaler never having taken title of the  
17 property. He stated this type of practice was  
18 somewhat similar to a typical real estate transaction  
19 but with additional steps and twists.

20       He stated that the focus of his report was to  
21 enable the members to review what he called 'topics'  
22 on the Act itself, as the Commission did not have  
23 much in the way of regulatory language yet for it.

24       Mr. Farrell began by informing members that,  
25 prior to the establishment of Act 52, anyone could

1 buy, sell or lease their own property without the  
2 presence of an agent. However, this action could not  
3 be taken for a third party or entity by anyone who  
4 was not a licensed agent. This, Mr. Farrell stated,  
5 was exactly what wholesalers were building and  
6 profiting on before Act 52 was created. He provided  
7 examples of ways in which wholesale transactions  
8 would occur.

9 Act 52 declares that those who engage in  
10 wholesales transactions as a wholesaler middleman,  
11 and for their own personal interests, must be  
12 licensed. As Act 52 does not yet define its  
13 limitations or requirements on the Act, Mr. Farrell  
14 asked Commission members whether their regulations  
15 needed to establish applicable limits to a wholesaler  
16 wanting to transact on their own behalf. He  
17 questioned whether the Commission could represent  
18 themselves outside the brokerage structure.

19 Mr. Farrell asked the group the following  
20 questions: Is it sufficient to have a license and  
21 just not use it in that circumstance? Would a  
22 wholesaler actually have to be supervised by a  
23 broker? Could they have another licensee represent  
24 them? Or, if a licensee of another brokerage or a  
25 brokerage they are affiliated with, must the broker

1 have direct oversight of the transaction or is there  
2 some other scenario in which they're not fully  
3 represented by the brokers but the broker still  
4 maintains some supervisory role?

5 Ms. Hanna Cestra voiced her confusion over the  
6 actual definition of a wholesale transaction. Mr.  
7 Michalowski stated that a wholesale transaction  
8 needed to be done by a licensee and the term,  
9 wholesale transaction, was also put into the  
10 definition of a broker. He stated it really came  
11 back to what is the definition of broker, which means  
12 that for third party compensation, it becomes a  
13 broker duty; it's licensed real estate activity.

14 Ms. Hanna Cestra asked if this would not be the  
15 same as property management. Mr. Michalowski  
16 suggested this was the view he was arguing for and  
17 his only question to her, was were there any  
18 ancillary regulations? Mr. Fritsch stated his  
19 understanding was that you could not just have a  
20 salesperson license, and hence, an independent  
21 wholesaler. It has to be the broker promoting the  
22 sale. Discussion continued regarding the definitions  
23 and activities that salespersons, brokers and  
24 wholesalers were and were not permitted to do.

25 Ms. Hanna Cestra suggested that a wholesaler does

1 not own the property, so they could not be  
2 representing themselves on a property they own. They  
3 are representing themselves in an equitable interest.  
4 She questioned whether the members could all agree on  
5 that. She was answered in the affirmative.

6 She then spoke to the question of whether  
7 wholesalers could represent themselves outside the  
8 brokerage structure if they are representing  
9 themselves in an equitable interest. She again asked  
10 if she was correct on that. A member responded that  
11 there was still real estate and equitable interest  
12 rates. Ms. Rubin asked why then the law!

13 Mr. Michalowski replied, referring back to the  
14 time it was under exception, 304(1), State Licensed  
15 Exclusions, it stated, if you owned your own property  
16 and wanted to sell, you did not need a license to do  
17 so. He added that equitable interest was exactly  
18 where that exception came from.

19 Ms. Cestra remarked that someone cannot purchase  
20 a home in the guise of reselling to it someone else.  
21 A non-licensee cannot do that by law. She then asked  
22 Mr. Michalowski if this was correct. He replied by  
23 explaining, for a typical wholesale transaction,  
24 anyone could form an LLC and do a contract. An LLC  
25 is an entity that exists as a person, but it is not a

1 person. People do not do this under their own name.  
2 He continued by clarifying that an LLC could do the  
3 contract for the property but could not promote the  
4 sale of the property, unless they were a licensed  
5 agent. Mr. Michalowski added that that was the  
6 premise of the law; if they were going to do that,  
7 they needed to have a license.

8 Ms. Hanna Cestra stated her affirmation of same  
9 by stating that a salesman's license does not give  
10 them the authority to promote; only through a broker.

11 Ms. Rubin suggested going through the questions  
12 to come up with answers. Ms. Rubin gave her  
13 interpretation of the issue by stating that if having  
14 an equitable interest is the same as having a deed in  
15 their name, they could do it outside of the brokerage  
16 under the same regulations that they do their own  
17 deeded property. Ms. Hanna Cestra stated the  
18 regulation was the exact reverse of what Ms. Rubin  
19 had interpreted. Ms. Rubin responded by stating she  
20 too believed they would have to go through their  
21 brokerage.

22 Hank Lerner, present in the meeting, commented  
23 the definition of broker had wholesale act added to  
24 it and believed in the statutory intent of it. But,  
25 he cautioned, he had heard of people that had their



1 real estate license and were under the impression  
2 that they could wholesale on their own. He suggested  
3 this was the type of activity that prosecutors and  
4 the Commission might want to begin handling  
5 proactively. Mr. Tarantino asked if he could sell a  
6 percentage of a property that he owned, without  
7 having to use a broker and provided he had a license  
8 of his own. The other members responded in the  
9 affirmative.

10 Ms. Rubin stated it seemed that the answer to the  
11 first question was no, they have to be supervised.  
12 She added the answer to the second question seems to  
13 be they could have a licensee represent them. It was  
14 suggested they would have to run it through their  
15 brokerage.

16 Ms. Rubin agreed by stating it would depend on  
17 the contract and it would seem there would be  
18 language in the contract stating that you could not  
19 use another broker with your own broker's permission.  
20 Mr. Tarantino asked about the possibility of a  
21 licensee that was working for one broker to go out  
22 and hire a different broker to do the transaction  
23 with all representation through that brokerage as  
24 opposed to the one he worked for.

25 It was noted if they were the licensee and they

1 were going to take any steps to promote it, they  
2 cannot do it themselves if they were working for  
3 another brokerage. But if they were working for  
4 their own brokerage, then they can be the listing.

5 That is the whole point of this law, consumer  
6 protection. It was suggested this might be an  
7 addition that would be strongly recommended,  
8 requiring that they already have the disclosure  
9 requirement on the seller side.

10 Mr. Michalowski suggested a regulation requiring  
11 the licensee on the selling side to have to disclose  
12 a real estate licensee even if they are not at the  
13 brokerage stage yet.

14 Commissioner Claggett stated that no one can have  
15 two brokerages doing the same thing. That would be  
16 acting beyond the scope and would be a violation of  
17 the act. These individuals would be charged with  
18 failure to supervise sales activity that they should  
19 not have been doing in the first place. Ms. Rubin  
20 stated that her company's independent contractor  
21 agreement states that any real estate business they  
22 do must be done through their company unless they've  
23 gotten permission otherwise. If they do it outside  
24 the company, the company should not be held liable  
25 because they have already laid it out for them.

1       Mr. Michalowski suggested the matter could be  
2 legislated but felt it would be a good practice in  
3 the industry in order to protect themselves. Mr.  
4 Lerner pointed out to the members, in covering  
5 himself on behalf of an independent trade  
6 organization, he had no interest in hearing any  
7 business model discussion at the meeting. He wanted  
8 the record to reflect his statement.

9       Mr. Farrell suggested moving on to topic number  
10 two, which he called dual agency or conflicts of  
11 interest. He defined this topic as when a wholesaler  
12 or any licensee acting on their own behalf also  
13 represents a buyer for seller in the same transaction  
14 or regulations needed to address dual agency.

15       Mr. Lerner questioned what would happen if he  
16 decided to sign a buyer agency contract with them, so  
17 he could formalize his relationship. He questioned  
18 how would that work if he was representing himself as  
19 the principal and also attempting to represent the  
20 buyer as a principal. Mr. Farrell replied their  
21 advice had generally been that one cannot represent  
22 themselves and a third party in the same transaction as  
23 a dual agent, because the conflict would be there.  
24 The regulation says nothing about that.

25       Ms. Hanna Cestra asked if there should be some

1 specific language regarding this type of dual agency  
2 included in the consumer notice and were they able to  
3 change the consumer notice. She stated a dual agency  
4 represented a conflict of interest. She asked if  
5 they now had the ability to change the consumer  
6 notice or create. She was told that a separate  
7 consumer notice could be created. She commented that  
8 dual agency was not a smart invention. She  
9 suggested, if they could not get rid of dual  
10 agencies, there was no need for further discussion as  
11 there was no difference existing between that and  
12 wholesaling.

13 The Commission discussed whether there should be  
14 additional language, mandatory agency language  
15 similar to what it had in the required agency  
16 agreement. Mr. Farrell advised that dual agency has  
17 specific limitations.

18 Ms. Rubin asked what additional language would  
19 they put in that was not already included. She was  
20 advised that the consumer notice rate is supposed to  
21 protect the consumer. She was told that this is a  
22 wholesale transaction, which does have different  
23 facts and different occurrences.

24 Ms. Kate Dugan, Community Legal Services in  
25 Philadelphia, commented, to the point of consumer

1 notices, she would propose a separate notice would be  
2 beneficial to homeowners because the kinds of  
3 homeowners who are selling their properties to  
4 wholesalers and being scammed in the process. She  
5 stated they had sent a letter to the Commission about  
6 this. A few suggestions were outlined for what this  
7 notice might look like based on experiences working  
8 with homeowners who had gotten the Philadelphia  
9 notice already. She felt that a separate notice  
10 would be better than adding it to the sales  
11 agreement.

12 Ms. Hanna Cestra suggested a mandatory wholesale  
13 agreement addendum to a listing contract would be  
14 better. Hank Lerner was requested to speak on this  
15 topic. Mr. Lerner informed the members that there  
16 were many different kinds of consumer notices  
17 depending on whether an entity was a timeshare,  
18 tenancy, campground, et cetera. He confirmed the  
19 items that are required by statute are items that are  
20 required to be in sales agreements. If the  
21 Commission decided to do something different, it  
22 would have to be a version of a consumer notice.

23 Ms. Rubin then declared that if the only way the  
24 Commission could regulate it is through a consumer  
25 notice, then a consumer notice should be drafted.

1        Ms. Hanna Cestra asked Ms. Dugan if, to her  
2 knowledge, the consumer notice is required to be  
3 given to any consumer upon the first face-to-face  
4 meeting with a licensee regarding real estate. Ms.  
5 Dugan responded, under the Philadelphia law, it is  
6 required to be given three days before the signing of  
7 the agreement of sale. Ms. Hanna Cestra stated they  
8 needed a new consumer notice for wholesaling. All  
9 members voiced their agreement.

10       Mr. Farrell introduced topic number four,  
11 compensation. He advised members that statute 604,  
12 prohibits licensed salespersons and associate brokers  
13 from accepting a Commission or any value in  
14 consideration from anyone other than the real estate  
15 broker with whom they are affiliated for licensed  
16 real estate activity. Ms. Hanna Cestra questioned  
17 why everything they were discussing was around the  
18 topic of a licensed wholesaler.

19       Mr. Fritsch offered the information that if they  
20 are receiving a fee for helping the seller find an  
21 eventual buyer, then that is a fee for license  
22 activity that has to go to a broker. If they were  
23 selling their or assigning their contract to the  
24 eventual buyer, they are receiving consideration for  
25 that assignment. With a wholesaler, it would not

1 matter whether they were licensed or not licensed.  
2 Whatever fees their brokerage wants is going to be in  
3 an agreement. You have to be licensed and do it  
4 under a broker. It would be whatever the broker of  
5 record had on a real arrangement with that wholesaler  
6 for payment.

7 It was noted the legislative intent in discussing  
8 this with legislators was to look at that middleman  
9 money, which is essentially the same as the  
10 commission fee.

11 Mr. Fritsch commented there were many scenarios  
12 that could occur. Ms. Rubin agreed and added that if  
13 it was only going to be that one document, then it  
14 was a fair commission and needed to be handled just  
15 like any other fair commission.

16 Mr. Fritsch stated the practice will adjust now  
17 that it is in the license bucket. Wholesaling  
18 transactions will become better transactions in terms  
19 of documents and in terms of disclosures.

20 Mr. Michalowski asked Mr. Lerner if there was  
21 anything before closing out that topic that to flag  
22 for them. Mr. Lerner replied that one of the more  
23 popular questions they were getting was how they were  
24 going to treat the money received. Their answer at  
25 that moment was essentially that they were not

1 entirely sure what the Commission and the prosecutors  
2 would consider.

3 Commissioner Claggett stated they would see two  
4 options. One was that there were formerly unlicensed  
5 wholesalers who have now opened up brokerages, so  
6 they can handle their own. But if there are typical  
7 brokers who will now allow this underneath their  
8 license, they have to think for themselves as to  
9 whether to charge a fee that gets paid to the broker  
10 and take liability at the same time.

11 Ms. Hanna Cestra advised that most important is  
12 that the owner of the property and the buyer are  
13 given enough notices to understand the agreement.

14 Mr. Farrell introduced topic five, licensees of  
15 entities versus individuals. He asked the members if  
16 there was a need for regulations that address the  
17 role of business entities such as brokers,  
18 salespersons or wholesale transactions.

19 Commissioner Claggett commented that this was  
20 license activity. Mr. Lerner was asked for insight.  
21 He stated his interpretation of the topic and  
22 question was, if he was a wholesaler and wanted to do  
23 ten transactions would he need to open ten LLC's, one  
24 for each transaction. It was questioned what the  
25 Commission would consider. Would the Commission look



1 at that and say you need to have ten licensed LLCs,  
2 or say as long as the person who has acting control  
3 over the entity has their own license, we do not care  
4 about the actual entity having its own license.

5 Ms. Hanna Cestra asked if an LLC had to use a  
6 brokerage. It was suggested they would need to get  
7 one LLC license and that LLC would promote. For the  
8 actual LLCs that get the equitable interest, it would  
9 be their promoter. So there would only be one  
10 licensee who was doing the promotion, voting for all  
11 of the owning LLCs.

12 It was noted, under the definition of a wholesale  
13 transaction, it is the person that promotes the sale  
14 or the transfer of the equitable interest. A  
15 licensed real estate transaction is any regular  
16 residential real estate transaction. The wholesaler  
17 is the middleman between a seller and a buyer trying  
18 to make a market and a profit from the sale. The  
19 Commissioner outlines different scenarios.

20 Mr. Farrell introduced topic six, advertising.  
21 The Commissioner discussed the placement of  
22 advertising by wholesalers versus real estate  
23 brokers. It was noted the definition of wholesale  
24 transaction is the undertaking to promote the sale,  
25 exchange or purchase of an equitable interest.

1       Mr. Farrell stated most of topics under the  
2 miscellaneous category had been answered. Mr. Lerner  
3 noted, while PAR is not taking any position on  
4 specific business models, hearing of individuals  
5 conducting would be considered a wholesale  
6 transaction trying to change their business models.  
7 He discussed scenarios utilizing a marketing power of  
8 attorney (POA) with a seller to provide rights to  
9 advertise and sell property. It was noted the use of  
10 Exemptions in the statute on such matters.

11       Mr. Lerner discussed closing costs. PAR directs  
12 individuals to file complaints with the State Real  
13 Estate Commission regarding questions of improper  
14 conduct.

15       Mr. Farrell expressed his appreciation for  
16 feedback on Act 52 from all present. He noted the  
17 CLS letter for the Commission's review and additional  
18 input. Another regulatory meeting will be  
19 scheduled.]

20                               \*\*\*

21 MR. PICARELLA:

22                       I believe the Commission Vice Chair  
23                       would accept a motion to direct  
24                       respective Counsel to draft the annex  
25                       for the Schedule of Civil Penalties and

1 the documents for the wholesaling  
2 regulations in accordance with the  
3 discussions at this meeting.

4 MS. RUBIN:

5 So moved.

6 COMMISSIONER CLAGGETT:

7 Second.

8  
9 Annie Hanna Cestra, aye; Guy Saxton,  
10 aye; Joseph Tarantino, aye; Anne Rubin,  
11 aye; Jennifer Thomson, aye; Arion  
12 Claggett, aye.

13 [The motion carried unanimously.]

14 \*\*\*

15 Adjournment

16 MR. PICARELLA:

17 I believe the Commission Vice Chair  
18 would accept a motion to adjourn.

19 COMMISSION CLAGGETT:

20 So moved.

21 MS. RUBIN:

22 Second.

23 \*\*\*

24 [There being no further business, the State Real  
25 Estate Commission Meeting adjourned at 12:33p.m.]

\*\*\*

## CERTIFICATE

I hereby certify that the foregoing summary minutes of the State Real Estate Commission meeting, was reduced to writing by me or under my supervision, and that the minutes accurately summarize the substance of the State Real Estate Commission meeting.

A handwritten signature in dark ink, appearing to read 'Allison Walker', is written over a horizontal line.

Allison Walker,

Minute Clerk

Sargent's Court Reporting  
Service, Inc.

STATE REAL ESTATE COMMISSION  
REFERENCE INDEX  
November 3, 2025

TIME	AGENDA
10:02	Official Call to Order
10:02	Roll Call/Introduction of Attendees
10:04	Pledge of Allegiance
10:04	Agenda Items
12:33	Adjournment